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Executive Assistant, CIA

5 July 1951

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Economic Analysis Division, ORR

Criticism of CIA memorandum at meeting of the NSC Special Committee on East-West Trade, 26 June 1951

25X6A 1. The following is submitted in response to your request for an informal memorandum regarding the criticism expressed at the meeting of the NSC Special Committee on East-West Trade, 26 June, of the CIA memorandum, dated 12 June, "An Analysis of the Strategic Commodities Procured by the Soviet Union Through Late 1950 and Early 1951 from the UK and Malaya."

2. The criticism included the following comments:

a. That the memorandum gave the impression that there was a "substantial flow" of strategic materials from the UK and Malaya to the Soviet bloc.

Note: The memorandum was intended to give not merely the impression but the conclusion that there was a substantial flow of strategic materials during the period under review. The criticism reflects a fundamental difference of opinion as to the volume and character of Soviet procurement from the UK and Malaya.

b. That the report contained nothing more definite than unsupported stories that had appeared in the press.

Note: This is not a valid criticism. The report does contain more than has been published. Furthermore, there is a vast difference between press reports and officially evaluated intelligence. Intelligence agencies are not precluded or relieved from production of intelligence reports because of unofficial publicity.

c. That the statements in the memorandum were not supported or documented and the table of exports was by broad categories with only the assertion that it "may have included more critical electronic and scientific equipment such as that employed in atomic research, in metallurgy, and in testing radar and other critical electronic equipment," and that some of it "may have been shipped in fulfillment of the UK-USSR agreement of 1947."

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Note: It was necessary because of security restrictions to give the data by broad categories. The IM, of which the NSC Staff paper was a preliminary draft, changed the first "may have" to "probably" and the second "may have" to "undoubtedly was." Nevertheless, it is well to recognize that the report might have been further strengthened in this respect.

d. That the memorandum made no reference to present controls and that all such country studies should be in the context of the COCOM agreement.

Note: The memorandum might well have included a reference to the controls at the time of the shipment and presently. It does not make clear whether these exports were in violation of agreed embargo lists. It should be noted, however, that this memorandum deals with strategic commodities and not all strategic commodities are on the COCOM lists.

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5. [REDACTED] who was presiding, explained that the memorandum was a preliminary draft only, furnished at his request and distributed for the information of the Committee.

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Encls.

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